



# **CURRENCY**

## **Committee on Financial Services**

**Michael G. Oxley, Chairman**

**For Immediate Release:  
Tuesday, June 19, 2001**

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### **Financial Services Committee to Hold Hearing on California Energy Crisis**

House Financial Services Committee Chairman Michael G. Oxley will hold a full Committee hearing at 10 a.m. Wednesday, June 20 in Room 2128 Rayburn House Office Building entitled "The California Energy Crisis: Impacts, Causes and Remedies."

The Financial Services Committee is charged with oversight of the nation's economy, including the financial development and health of its various sectors such as energy and electric utilities. Additionally, the Committee has jurisdiction over the U.S. Department of Housing and Urban Development, which can play a role in energy efficiency, and the Securities and Exchange Commission, which can help remove obstacles to the financing of new energy projects.

The Committee plans to hear testimony on how increases in conservation and efficiency, sophisticated use of the financial markets and a better understanding of the economics of the energy markets can place America in a better position for the future.

"The energy crisis in California has the potential to produce a ripple effect across the economy of the rest of the nation," said Oxley. "It is vital to the health of our nation's economy that we address this crisis and the Financial Services Committee has a constructive role to play in this process."

The United States is by far the world's largest energy user, consuming roughly one-quarter of the world's total. As a result of unprecedented economic growth, use of and demand for energy products is expected to grow in the next 20 years at a rate that far outpaces estimated supply.

Shortages and increased prices for energy hit all sectors of the economy. Between 1998 and 2000 American households spent on average 4.8 percent of their disposable income

on energy products - a dramatic increase from previous years, and a reverse of a twenty year trend in declining energy spending for American families.

American businesses have also been affected by the recent increase in energy costs. The Federal Reserve reported on March 7 that businesses across the country experienced higher energy costs in February of this year but were unable or unwilling to pass these costs on to consumers.

High energy costs and periodic blackouts threaten not only California businesses but businesses all over the country that depend on California products as well as U.S. international trade. The crisis has the potential to cause serious disruption across economic sectors, increase the trade deficit, and force economic dislocations for millions of American businesses, employees and families.

Witnesses who will present testimony are:

**Panel I**

- Isaac C. Hunt Jr., Commissioner, Securities and Exchange Commission
- Alphonso Jackson, Deputy Secretary, Department of Housing and Urban Development

**Panel II**

- Vernon Smith, Director, Economics Science Laboratory at the University of Arizona
- Jerry Ellig, Senior Research Fellow, Mercatus Center at George Mason University
- Frank Wolak, Professor of Economics, Stanford University
- James Dobson, Managing Director, Deutsche Bank Alex Brown

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